

Investment in Generation and Transmission Lines Helping Meet ERCOT Electric Demand

Despite record electricity demand in the Electric Reliability Council of Texas (ERCOT) region in late June, the ERCOT electric system has remained reliable, due to investment in new generation and transmission lines needed to ensure reliability and a strong market framework to promote that investment.

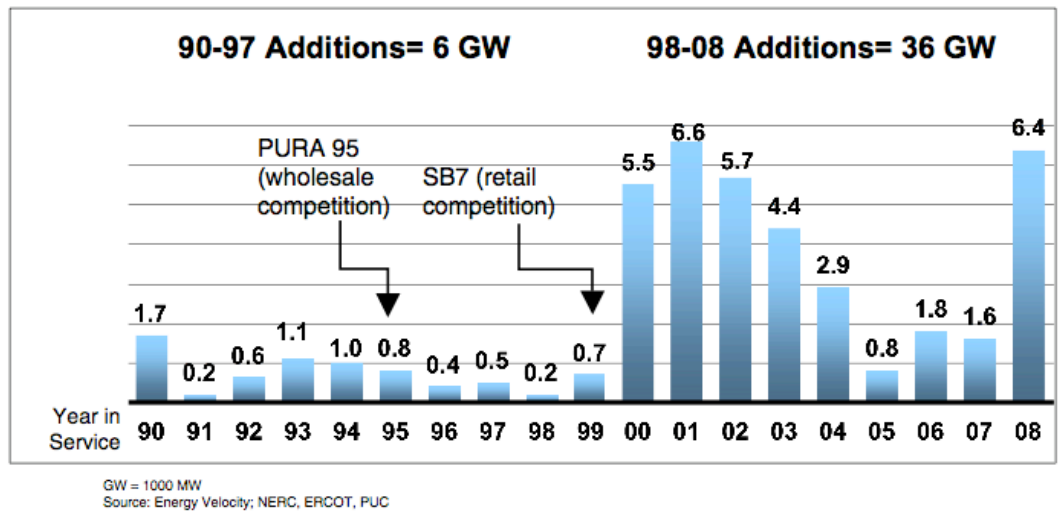
Generation: Since the opening of the competitive wholesale market in 1995 and passage of legislation to open the retail electric market in 1999, ERCOT has seen enough new installed generation to meet growing population and economic development while maintaining a reserve margin of over 12.5% for each year.

A reserve margin is available capacity in excess of the forecast peak demand; ERCOT promotes a 12.5% reserve margin as a minimum to ensure system reliability.

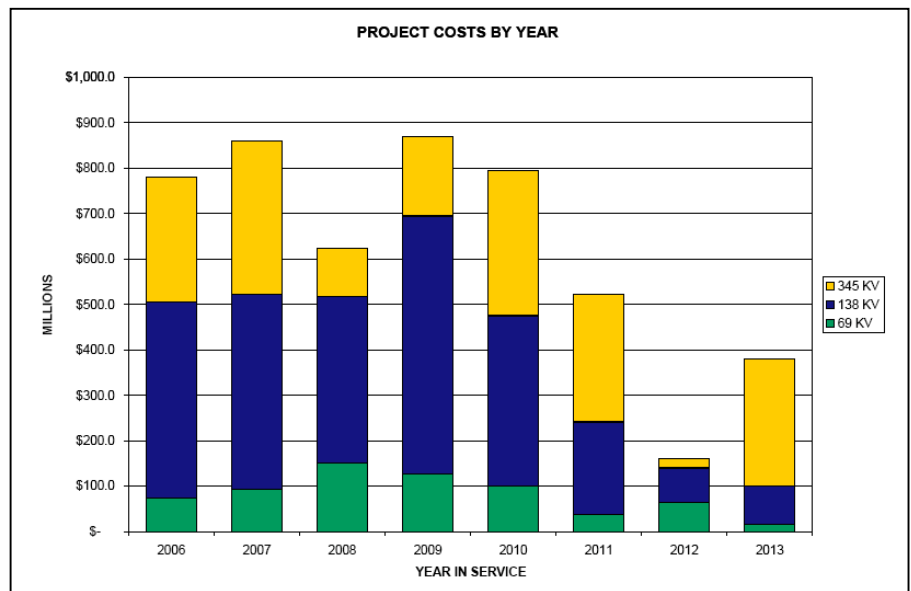
Transmission: The Public Utility Commission of Texas (PUC), ERCOT and transmission and distribution utilities (TDUs) within ERCOT have been vigilant to ensure continued investment in transmission lines.

Since 2007, TDUs have invested \$1.2 billion in the ERCOT transmission grid. ERCOT estimates investment of \$3.0 billion—adding or improving 2,888 circuit miles of transmission lines—from 2009 through 2013. This investment is separate from the lines in West Texas bringing renewable wind power to the electric grid.

ERCOT Restructuring Helped Spur Generation Investment



Continued Investment in Transmission



Source: ERCOT, "Report on Existing and Potential Electrical System Constraints and Needs," December 2008

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John W. Fainter, Jr. • President and CEO Association of Electric Companies of Texas, Inc.
1005 Congress, Suite 600 • Austin, TX 78701 • phone 512-474-6725 • fax 512-474-9670 • www.aect.net

